

## **SALARY ADVANCES**

**1162**

(No.138 February 2010)

Cross References: State Administrative Manual  
Accounting Procedures Handbook Section 3742

## **AUTHORITY TO APPROVE SALARY ADVANCES**

**1162.1**

(No.138 February 2010)

Consistent with the guidelines outlined below, the authority to approve salary advances rests with the Unit Chief, Regional Chief, and Sacramento Headquarters Human Resources Officer or their designee. However, under no circumstances can the person authorizing the advance be the direct supervisor of both the accounting/finance and personnel offices.

## **TYPES OF ADVANCES**

**1162.2**

(No.138 February 2010)

## **MASTER PAYROLL ADVANCES**

**1162.2.1**

(No.138 February 2010)

The Personnel Specialist (PS) will automatically initiate an advance when the State Controller's Office (SCO) warrant for master payroll is not received for an employee. The advance will not exceed the amount estimated the employee has already earned and will receive when the regular warrant is received from SCO.

In the event that an employee has his/her check electronically deposited (direct deposit), the PS will cancel the direct deposit function, notify the employee of the action taken, and send a new direct deposit form to the employee along with the salary advance so he/she can reinstitute the service. This will allow the PS to "offset" the amount against regular pay before it is released to the employee.

An employee cannot re-enroll in the direct deposit program until all salary/overtime advances have been cleared.

## **OVERTIME ADVANCES**

**1162.2.2**

(No.138 February 2010)

Advances for late overtime checks will be requested by the employee (via his/her supervisor) or the PS when he/she becomes aware of an undue delay in payment. The advance will not exceed the amount estimated that the employee has already earned and will receive when the regular warrant is received from SCO.

In the event that an employee has his/her check electronically deposited (direct deposit), the PS will cancel the direct deposit function, notify the employee of the action taken, and send a new direct deposit form to the employee along with the advance so he/she can reinstitute the service. This will allow the PS to "offset" the amount against the regular overtime check before it is released to the employee.

## **HARDSHIP ADVANCE**

**1162.2.3**

(No.138 February 2010)

Salary advances on money not yet due and payable will ONLY be issued in cases of extreme hardship. It shall ONLY be for the amount of time that the employee has actually worked since the last regular paycheck. In no case is an employee to be advanced more money than has been earned and is owed as of the date of the request. Extreme hardship only involves those situations which serve to deprive the employee of basic necessities. If the employee could have reasonably foreseen and avoided the situation, an advance will not be issued. Some illustrations are provided to show how this policy is intended to be applied.

<b>Housing</b>	Emergency home repairs due to an unforeseeable event (e.g., storm damage, theft, vandalism) would qualify. Money to pay rent for temporary housing if the employee could not live in his own home due to damage would qualify. Money to pay rent or house payments under ordinary circumstances involving recurring or predictable expenses would not qualify.
<b>Transportation</b>	Repair of a vehicle which is the sole means of getting to work qualifies if the need for repairs could not reasonably have been planned for in advance. Routine vehicle repairs or maintenance requirements would not qualify because these expenses are inherent to vehicle ownership and should be planned by the employee.
<b>Health</b>	Expenses due to a medical emergency for an employee or one economically dependent on the employee would qualify (e.g., hospital fees, medication). Optional treatment (e.g., elective surgery, weight reduction, therapy to stop smoking) though obviously important to health, would not qualify as an emergency.
<b>Death</b>	Necessary expenses due to death in the employee's immediate family or for someone who is economically dependent on the employee would qualify.
<b>Travel</b>	Expenses for travel to a funeral of a relative (as defined for purposes of bereavement leave) would qualify. Money to be used for vacation travel does not qualify.

**Utilities**                      Paying utilities can be planned in advance and is, therefore, not qualifying.

**Food**                              Paying for food can be planned in advance and is, therefore, not qualifying.

Hardship advances are initiated by the employee on a Request for Revolving Fund Check (form [AO-107](#)), and require substantiation by the immediate supervisor before they are sent to the Unit Chief, Region Chief, Sacramento Headquarters Personnel Officer or their designee for approval. See Section 1162.3.2 and AO-107, Request for Revolving Fund Check for more information.

In the event that an employee has his/her check electronically deposited (direct deposit), the PS will cancel the direct deposit function, notify the employee of the action taken, and send a new direct deposit form to the employee along with the salary advance so he/she can reinstitute the service. This will allow the PS to "offset" the amount against regular pay before it is released to the employee.

## **PROCEDURES FOR ISSUING AN ADVANCE** **1162.3** (No.138 February 2010)

When preparing advances, the PS prepares the Authorization for Salary Advance (AO-123) plus the request for [Revolving Fund Check \(AO-107\)](#) following the steps shown below.

### **AUTHORIZATION FOR SALARY ADVANCE** **1162.3.1** (No.138 February 2010)

A separate line on the Authorization for Salary Advance (AO-123) is completed for each advance being processed. On the AO-123, the Personnel Specialist:

- Indicates the employee's work location by checking the box for either a region, Sacramento Headquarters, or the Resources Agency;
- Completes the page numbering information which is located in the upper right hand corner of the form;
- Fills in the employee's name, social security number, position code, and the amount to be advanced. She/he also enters the correct code indicating the type of advance from the list provided on the AO-123, and the reason for the advance.

- Signs and enters the date in the "Approved by" box in the lower left hand corner of the AO-123.

The PS shall make photocopies of the AO-123, place one copy of the AO-123 and a copy of the AO-107 in the pending folder. The original and one copy of the AO-123 shall be sent to the unit finance clerk or DAO along with a Warrant Disposition Sheet (PO-35) and the original copy of a Request for Revolving Fund Check (AO-107) completed in the manner described in Section 1162.3.2.

Once the unit finance clerk or DAO has completed their portion of the AO-123, a copy will be returned to the PS to replace the pending pay copy..

### **REQUEST FOR REVOLVING FUND CHECK ([AO-107](#))** **1162.3.2** (No.138 February 2010)

The Request for Revolving Fund Check (AO-107) may be initiated by the employee or his/her supervisor for late overtime or hardship advances. It is more often initiated by the PS because of a delay in master payroll or overtime payments to the employee. In either case, the initiator shall:

- Fill in the employee's name, social security number, civil service title, work location (i.e., region office, unit, Sacramento, Davis, or Lone) and its address, and the reason for the advance. In the case of hardship advances, the reason must be descriptive enough to document that the advance meets the standards contained in Section 1162.2.3.
- Identify the amount to be advanced (not to exceed pay earned as of the date it is requested);
- Complete the pay or work period for which the advance is being requested;
- Indicate the type of advance being issued by checking the correct box.

The employee signs and dates the AO-107 if he/she is the initiator. It is then forwarded via the employee's supervisor to the Unit Chief, Region Chief, Sacramento Human Resources Officer or their designee for approval. Upon approval, the AO-107 is sent to the PS who ensures that the amount requested on the AO-107 does not exceed the amount of the money due the employee as of that day. The PS makes two photocopies of the AO-107 and distributes them in accordance with the instructions contained in Section 1162.3.1.

In the event that an employee has his/her check electronically deposited (direct deposit), the PS will cancel the direct deposit function, notify the employee of the action taken, and send a new direct deposit form to the employee along with the salary advance so he/she can reinstitute the service. This will allow the PS to "offset" the amount against regular pay before it is released to the employee.

The unit finance clerk or DAO will give the salary advance and the AO-107 (unless it has already been signed by the employee) to the person designated to distribute checks to the employee's work location. That person will be instructed to obtain the employee's signature on the AO-107 in exchange for the check. No salary advances will be delivered to employees without first obtaining the employee's signature on the AO-107. It is the responsibility of the finance clerk or DAO to retrieve the signed AO-107, or if the salary advance check is not delivered for any reason, the unsigned AO-107 and the salary advance check. See Section 3765 of the Accounting Procedures Handbook for more information.

The AO-107 which has been signed by the employee shall be returned to the finance clerk or DAO, which will send the original copy of the form to the PS. The PS will replace the pending pay copy of the AO-107 with the original copy of the form returned from the finance clerk. The original copy of the AO-107 and the completed copy of the AO-123 are returned to the pending pay folder. The AO-107 signed by the employee is the authority for the PS to collect the salary advance through the offset process or an accounts receivable if it becomes necessary.

## **OFFSETTING SALARY ADVANCES AGAINST REGULAR PAY**

**1162.4**

(No.138 February 2010)

### **IDENTIFYING THE NEED FOR OFFSET**

**1162.4.1**

(No.138 February 2010)

Generally salary advances are not considered overpayments that necessitate an accounts receivable and repayment schedule as discussed in [Section 1164.1](#) of this handbook, because an advance is for the amount already earned as compared to an overpayment which means the employee is in possession of funds to which he or she is not entitled. The salary advance process can result in an overpayment to the employee if:

- The regular SCO warrant for which the advance was issued (and was to be deducted) is released to the employee without recovering the revolving fund advance;

- The PS failed to cancel the direct deposit or the direct deposit cancellation sent to the SCO was not processed and the regular warrant for which the advance was issued is deposited in the employee's account without the offset occurring; or,
- The amount of the advance was for more than the employee had earned to date.

Where the process of issuing a salary advance results in an overpayment, the PS is to follow the procedures for collection of overpayments found in [Section 1164](#) of this handbook. She/he is to follow the instructions discussed below to offset an advance to the largest degree possible against the warrant for which it was issued. This means the offset must occur during the same pay period. If it does not occur against funds for the same pay period, the employee will be overpaid.

The PS is responsible for notifying the unit finance clerk or DAO to collect the advance when the SCO warrant for which the advance was issued is received.

- The PS shall compare his/her pending pay file information against the SCO warrants received for which advances have been issued.
- When a warrant is identified, the PS must verify that he/she has a signed original of the AO-107 before the offset process begins.
- If the [AO-107](#) was not returned by DAO or the unit finance clerk, the PS shall call and request the form immediately. If the DAO or the unit finance clerk advises the PS that the employee did not sign the AO-107 and that the check was not delivered to the employee, the finance clerk is to void the advance.
- If the DAO or unit finance clerk advises the PS that the employee did not sign the AO-107 and that the check was delivered to the employee in error, the PS shall notify the employee about the need for the offset and proceed with the offset process. The finance clerk shall advise the supervisor of the employee delivering the check without securing a signature on the AO-107. If the problem persists, the supervisor and the administrative officer (or Accounting Officer in Sacramento) is responsible for finding someone else to deliver checks.

## **OFFSET PROCEDURES**

**1162.4.2**

(No.138 February 2010)

The PS shall calculate the balance due the employee by deducting the entire amount of the advance shown on the AO-123 from the amount of the SCO warrant. She/he shall write the amount due the employee in Box 8: "Balance Due Employee." If the net amount of the SCO warrant does not cover the salary advance, the PS shall clear as much of the salary advance as possible from the regular pay warrant. She/he shall also proceed to [Section 1164](#) of this handbook and follow the procedures to collect the residual amount owed to the state.

The PS shall complete a Warrant Disposition (PO-35) to instruct the unit finance or DAO on how to process the SCO warrant. The Warrant Disposition Sheet, the AO-123, and the AO-107 will be sent to the unit finance clerk or the DAO.

## **REPORT OF OFFSET PROCEDURES**

**1162.4.3**

(No.138 February 2010)

The purpose of this report is to advise the SCO of salary advances issued to employees and to transmit the funds to SCO for their state and federal tax withholding.

If the regular warrant which serves to clear the advance is not received by the fifth of the month, the PS shall complete his/her portion of the Report of Salary Paid/Offset (Form 422). The instructions for completing the form are found in the Payroll Procedures Manual, Section 1, 107-115 and the Accounting Procedures Handbook, Section 3742.2. Once the PS has completed his/her portion of the form, it must be sent to the unit finance clerk or DAO for completion and remittance to the State Controller's Office.

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